

SAMHSA's Center for Financing Reform & Innovations (CFRI)

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The Center for Financing Reform and Innovations (CFRI) provides information, analysis, products, and technical assistance to address changes in the organization and financing of behavioral health care, and to guide Federal officials, States, Territories, Tribes, communities, and private payers on the most effective and efficient use of available resources to meet the prevention, treatment, and recovery support needs of the American public.

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National News

- **States may allow non-compliant health plans through 2016.** On March 6, HHS [extended](#) states' authority to allow insurers to renew health plans that do not comply with ACA market reforms. Under the new authority, insurers in states that allow non-compliant renewals may continue to renew plans that were in effect on October 1, 2013 through October 1, 2016. HHS previously authorized such renewals through October 1, 2014. According to HHS, states are encouraged to allow the renewals but are not required to do so. Meanwhile, on March 11th, HHS finalized a [rule](#) modifying **Health Insurance Marketplace** risk adjustment, reinsurance, and risk corridor programs to account for renewals. The rule increases annual cost-sharing limits for Marketplace plans and requires states to notify HHS by June 15, 2014 if they plan to operate a state-based Marketplace in 2015. The rule also shifts the 2015 Marketplace open enrollment period to run from November 15, 2014 to January 15, 2015. Previously scheduled to run from October 15, 2014 to December 7, 2014, the change will give insurers an additional month to finalize their 2015 plan options, allow consumers an additional week to purchase coverage, and stagger the enrollment periods for Marketplace and Medicare Advantage plans. The **U.S. Centers for Medicare & Medicaid Services (CMS)** offers a [factsheet](#) with additional information on the non-compliant plan renewal extension and the final rule ([Kaiser Health News, 3/6](#); [Washington Post, 3/5a](#)).
- **HHS expands Marketplace subsidy availability.** Newly-released [guidance](#) from HHS allows individuals who have applied for but been unable to obtain coverage through the **Health Insurance Marketplaces** to receive federal ACA subsidies if they are successfully determined eligible by their state's Marketplace. This guidance is being issued because of "technical issues" in some Marketplace eligibility determinations. To qualify for the subsidies, individuals must enroll in a qualified health plan that complies with Marketplace requirements. In addition, according to HHS, the subsidies for those who have applied but not yet been enrolled in a qualified health plan will be retroactive to the date when their Marketplace coverage would have been effective; individuals who were already enrolled in a qualified health plan outside the Marketplace will receive subsidies retroactive to October 1, 2013. Previously, ACA insurance subsidies were only available to individuals who purchased coverage through a Marketplace ([Washington Post, 2/27a](#); [The Hill, 2/28](#)).
- **Omnibus bill provides funding for new SAMHSA initiatives.** On February 11, **SAMHSA** announced plans to allocate the additional \$276 million in post-sequestration FY2014 funding provided by the recent federal omnibus budget bill ([HR 3547](#)). According to SAMHSA, \$115.2

million will support **President Obama’s “Now is the Time”** mental health initiatives, including \$40 million to coordinate safety and mental health programs in schools and \$15 million to train teachers to detect and respond to mental illness. Additionally, SAMHSA will award \$35 million to expand the professional mental health workforce, \$20 million to expand local communities’ mental health services, and \$5.2 million to expand mental health professionals’ cultural competencies. Furthermore, SAMHSA announced that the **Substance Abuse Prevention and Treatment (SAPT) Block Grant** received \$109 million in additional funding while the **Mental Health Block Grant** received \$24 million in additional funding. Finally, additional funding was also provided to support the **National Strategy for Suicide Prevention** and to expand the **Tribal Behavioral Health** and **Primary Behavioral Health Care Integration** grant programs ([SAMHSA, 2/11a](#)).

- **SAMHSA offers \$181.3 million to fund behavioral health services for children and pregnant women.** Through multiple grant programs totaling over \$181 million, SAMHSA announced plans to expand behavioral health services for children, pregnant women, and their families. SAMHSA will award up to \$92 million in **Systems of Care Expansion Implementation** grants to support community-based behavioral health services for children with serious emotional disturbances. Meanwhile, to support numerous aspects of children’s development, SAMHSA will award up to \$51 million in **Linking Actions for Unmet Needs in Children’s Health** (Project LAUNCH) grants. In addition, SAMHSA plans to award up to \$25.2 million in **Services Grant Program for Residential Treatment for Pregnant and Postpartum Women** to provide substance abuse prevention, treatment, and recovery support services to pregnant and postpartum women and their children. Finally, SAMHSA will also award up to \$13.1 million in **Circle of Care VI Grants for American Indian /Alaskan Native Communities** to fund system of care services in American Indian and Alaska Native communities ([SAMHSA, 2/11b](#); [SAMHSA, 2/7](#); [SAMHSA, 2/24](#); [SAMHSA, 2/10](#)).
- **Adult behavioral health services to receive up to \$67.8 million.** In February, SAMHSA announced plans to award up to \$45 million in **Access to Recovery (ATR)** grants, up to \$10 million in **Grants for the Benefit of Homeless Individuals- Services in Supportive Housing (GBHI-SSH)**, up to \$6.8 million in **Minority AIDS Initiative Funding for Minority Serving Institutions- Partnerships with Community-Based Organizations (MAI MSI CBO)** grants, up to \$3 million in **Recovery Community Services Program-Statewide Network (RCSP)** grants, and up to \$3 million for one **Provider’s Clinical Support System for the Appropriate Use of Opioids in the Treatment of Pain and Opioid-related Addiction (PCSS-Opioids)** grant. ATR grants fund substance abuse treatment and recovery support services while GBHI-SSH grants fund substance abuse treatment, recovery, supportive housing, and peer support services for veterans and other individuals experiencing homelessness. MAI MSI CBO grants expand the substance abuse and HIV prevention and testing capacity of minority serving institutions, and RCSP grants develop organized state networks to support addiction recovery community organizations. Finally, the PCSS-Opioids grant will fund a national mentoring program to provide clinical support to medical professionals who prescribe opioids to treat chronic pain or opioid-related addiction ([SAMHSA, 2/12](#); [SAMHSA, 2/18](#); [SAMHSA, 2/14a](#); [SAMHSA, 2/6](#); [SAMHSA, 3/6](#)).

- **SAMHSA offering up to \$18.6 million for drug courts.** On February 26, SAMHSA announced plans to award up to \$13.7 million in **Grants to Expand Substance Abuse Treatment Capacity in Adult Tribal Healing to Wellness Courts and Juvenile Drug Courts**. According to SAMHSA, grantees will support tribal drug courts as well as non-tribal juvenile drug courts, which provide substance abuse screening, assessment, diversion, treatment, case management, and program coordination to individuals in contact with the criminal justice system. To further expand diversion opportunities, SAMHSA also plans to award up to \$4.9 million in **Grants to Develop and Expand Behavioral Health Treatment Court Collaboratives**. Under this program, SAMHSA will award grants directly to local criminal courts to establish and expand substance abuse treatment programs ([SAMHSA, 2/26](#); [SAMHSA, 2/14b](#)).

State News

- **Arizona: Court rejects lawsuit that seeks to block Medicaid expansion.** On February 8, the **Superior Court of Maricopa County** rejected a [lawsuit](#), which alleged that Arizona's Medicaid expansion was unlawful because the legislature approved the expansion ([HB 2010](#)) with a simple majority rather than a two-thirds majority. The plaintiffs have appealed the ruling. **Arizona Governor Jan Brewer** (R) signed the bill expanding Medicaid in June 2013, and the *Washington Post* reports that at least 100,000 newly eligible individuals have enrolled in coverage since the start of open enrollment ([Washington Post, 2/8](#)).
- **Arkansas reauthorizes premium assistance program, will request changes from HHS.** On March 7, **Arkansas Governor Mike Beebe** (D) signed a bill ([SB 111](#)) reauthorizing the state's [Medicaid Section 1115 Research and Demonstration waiver](#) program, which provides premium assistance for private health plans using federal Medicaid expansion funds. Though Governor Beebe originally created the program in May 2013 and **HHS approved** the state's waiver in September 2013, Arkansas law requires the state to reauthorize the program annually. The reauthorization bill would make some changes to the program, including expanding the use of co-pays, reducing funding for non-emergency transportation, and authorizing enrollees to establish health savings accounts. The program will continue to operate under the previous waiver pending HHS approval; however, under the new bill, Arkansas will end its expansion program on February 1, 2015 if HHS does not approve the state's changes ([AP via ABC News, 3/5](#); [AP via Washington Post, 3/5b](#)).
- **Idaho awards \$40.8 million for Marketplace development.** To develop its consumer portal, Idaho's **Health Insurance Marketplace** awarded contracts to **GetInsured** and **Accenture**. Under the contracts, GetInsured will build and maintain the portal for \$34.8 million, while Accenture will provide project management and oversight for \$3.4 million. Although Idaho's Marketplace is state-based, the state relied on **Healthcare.gov's** consumer portal for the 2013-2014 open enrollment period ([YourHealthIdaho, 2/21](#); [AP via Twin Falls Times-News, 2/21](#)).
- **Illinois' \$5.2 billion Medicaid waiver would integrate behavioral and primary care.** On February 12, **Illinois Governor Patrick Quinn** (D) unveiled a draft [Medicaid Section 1115 Research and Demonstration waiver](#) to transform Illinois' Medicaid system. Under the waiver, the **Illinois Department of Human Services** (IDHS) would use \$5.2 billion in federal funds to consolidate nine specialty Medicaid service programs, establish patient-centered health homes,

expand preventative care services, expand home- and community-based programs, and expand behavioral health services. Additionally, the waiver would require Medicaid managed care entities to integrate mental health and substance abuse services into their primary care service networks. According to IDHS, the waiver would facilitate integration by increasing the use of care coordination, utilization management strategies, and proactive service structures. In the draft waiver, IDHS also notes that this would be the state's first waiver to specifically include services for individuals with serious mental illness or substance use disorders ([Office of Governor Quinn, 2/12](#); [Chicago Tribune, 2/12](#)).

- **Kentucky devotes \$30 million to substance abuse treatment and monitoring.** In a joint press conference, **Kentucky Governor Steven Beshear** (D) and **Kentucky Attorney General Jack Conway** (D) announced that the state awarded \$10.8 million to support substance abuse services and will offer an additional \$19 million in juvenile substance abuse treatment grants through the **KY Kids Recovery** program. According to Conway, the initiatives are funded by two recent settlements with pharmaceutical corporations. Among the services already funded, Kentucky allocated \$6 million for the state's prescription drug monitoring program, \$1.75 million to research best practices for youth substance abuse treatment, \$1 million to support substance abuse treatment for pregnant women, and \$1 million to develop a school-based substance abuse screening tool. Additionally, the state provided \$1 million to establish 14 transitional housing units and finish construction of a substance abuse recovery center. The \$19 million in KY Kids Recovery grants will support inpatient and outpatient juvenile substance abuse treatment programs ([Office of Attorney General Conway, 2/3](#); [Central Kentucky News, 2/12](#)).
- **Montana allocates \$3.8 million for behavioral health services.** Using funds from a recent [settlement](#) with two pharmaceutical corporations, **Montana Attorney General Tim Fox** (R) awarded \$3.8 million to fund behavioral health services. According to Fox, \$1.5 million will support the development of a new Prescription Drug Abuse Prevention Program, \$1.5 million will help the Montana Mental Health Trust expand service capacity, and \$800,000 will repay the Montana Medicaid program for an anti-psychotic drug connected to the settlement. Settlement funds also will be used by the **Office of the Attorney General** to cover litigation costs and support consumer protection and education efforts ([Montana Department of Justice, 3/6](#)).
- **New York and HHS reach "agreement in principle" over \$8 billion Medicaid reform waiver.** On February 13, **New York Governor Andrew Cuomo** (D) announced that the **New York Department of Health** (NYDOH) and **HHS** reached an "agreement in principle" over a [Medicaid Section 1115 Research and Demonstration waiver](#) that would reinvest the state's **Medicaid Redesign Team** (MRT) savings back into Medicaid. The MRT reforms are a series of spending initiatives adopted in 2011 and projected to save \$34.3 billion in state and federal funds over the next five years. Although specific terms and conditions of the waiver must still be finalized, under the agreement, New York would retain and match \$8 billion in federal funds to finance a variety of initiatives aimed at further reducing Medicaid costs. Among other investments, NYDOH proposes expanding care coordination for individuals with chronic conditions, expanding outpatient and preventative care programs, providing financial assistance to hospitals in poor communities, and expanding supportive housing ([New York Times, 2/13](#); [AP via WHEC, 2/14](#)).

- **North Carolina plan would move Medicaid to Accountable Care Organizations, exclude behavioral health.** On February 27, the **North Carolina Department of Health and Human Services** (NCDHHS) unveiled the [core principles](#) of its plan to reform the state's Medicaid program. Under the plan, NCDHHS would replace its current fee-for-service reimbursement system with provider networks of **Accountable Care Organizations** (ACOs). According to NCDHHS, the state's behavioral health managed care system would not transition to the ACO model; however, the plan would reduce the number of behavioral health managed care organizations from ten to four. If approved by the state legislature and **HHS**, NCDHHS would phase in the transition over five years. Representatives of NCDHHS had previously suggested that the state's reform plan would transition the entire Medicaid program to managed care and integrate behavioral health services ([North Carolina Health News, 2/27](#); [Raleigh News & Observer, 2/26](#)).
- **Oregon reaches \$43.9 million "transition agreement" with Marketplace contractor.** To resolve a payment dispute, Oregon's **Health Insurance Marketplace** reached a \$43.9 million "transition agreement" with **Oracle**, the primary contractor developing the Marketplace's consumer portal. Under the agreement, Oracle will continue to develop the portal and resolve technical issues, but the Marketplace reserves the right to recover the funds through litigation. Prior to the agreement, Oracle announced plans to terminate its contract with Oregon because the Marketplace was withholding \$69.5 million in contract funds pending resolution of implementation issues. In light of the delays, on March 3, **Oregon Governor John Kitzhaber** (D) announced that the state's consumer portal may not be operational before the end of this year's open enrollment period ([The Oregonian, 3/3](#)).
- **Pennsylvania submits modified Medicaid premium assistance waiver.** On February 19, the **Pennsylvania Department of Public Welfare** (PDPW) submitted a modified [Medicaid Section 1115 Research and Demonstration waiver](#) to provide premium assistance for private health plans using federal Medicaid expansion funds. Under the waiver, cost-sharing provisions would apply to enrollees with incomes over 100 percent of the federal poverty level (FPL) rather than to those earning over 50 percent of the FPL, as PDPW originally proposed. The waiver also eliminates proposed limits on certain services but does not alter the plan to restructure the state's existing Medicaid program into "Low Risk" and "High Risk" programs and set a job-search requirement for unemployed and underemployed enrollees over age 21. However, in a separate announcement on March 6, **Pennsylvania Governor Tom Corbett** (R) said that PDPW would consider replacing the job-search requirement with a voluntary program ([Kaiser Health News, 2/10](#); [Pittsburgh Post-Gazette, 3/6](#)).
- **South Dakota: HHS rejects waiver for partial Medicaid expansion.** On March 5, **South Dakota Governor Dennis Daugaard** (R) announced that **HHS** rejected the state's **Section 1115** waiver to expand Medicaid to individuals with incomes up to 100 percent of the federal poverty level (FPL). Under the ACA, HHS requires Medicaid expansions to apply to individuals with incomes up to 138 percent of the FPL ([South Dakota Argus Leader, 3/5](#)).

Financing Reports

- **Behavioral health service utilization by young adults in hospitals unaffected by Massachusetts' 2006 health insurance expansion.** ["Use of hospital-based services among young adults with behavioral health diagnoses before and after health insurance expansions"](#) *JAMA Psychiatry* published online before print. Meara, E. et al. February 19, 2014 ([FierceHealthPayer, 2/20](#)).
- **Children with autism's average annual health care costs are \$3,020 higher than children without autism.** ["Economic burden of childhood autism spectrum disorders"](#) *Pediatrics* published online before print. Lavelle, T. et al. February 10, 2014.
- **HHS and DOJ recovered \$4.3 billion from health care fraud in FY2013.** ["The Department of Health and Human Services and the Department of Justice Health Care Fraud and Abuse Control Program annual report for fiscal year 2013"](#) HHS. February 26, 2014 ([HHS, 2/26](#)).
- **"Identification and assessment of children and youth with special health care needs in Medicaid managed care: Approaches from three states"** National Academy for State Health Policy. Jee, J. & Nagarajan, J. February 2014.
- **"Integrating physical and behavioral health care: Promising Medicaid models"** Kaiser Family Foundation (KFF). Nardone, M. et al. February 12, 2014.
- **Marketplaces administrative structure did not affect insurer competition in eight studied states.** ["The launch of the Affordable Care Act in selected states: Insurer participation, competition, and premiums"](#) Robert Wood Johnson Foundation (RWJF). Holahan, J. et al. March 2014 ([FierceHealthPayer, 3/6](#)).
- **Medicaid will reduce newly eligible individuals' average annual out-of-pocket expenses by \$921.** ["The expansion of Medicaid coverage under the ACA: Implications for health care access, use, and spending for vulnerable low-income adults"](#) *Inquiry* 50(2): 135-149. Clemans-Cope, L. et al. May 2013.
- **Missouri Medicaid expansion would increase Gross State Product by \$14.6 billion over eight years.** ["The economic impact of Medicaid expansion"](#) Missouri Economic Research and Information Center. February 21, 2014 ([AP via Springfield News-Leader, 2/22](#)).
- **National Governors Association recommends increased federal support for state Medicaid innovations.** ["NGA health care sustainability task force report"](#) National Governors Association. February 22, 2014.
- **Nearly 4 million individuals with mental illness in 25 states fall into the "coverage gap" caused by declining to expand Medicaid.** ["Dashed hopes; Broken promises; More despair: How the lack of state participation in the Medicaid expansion will punish Americans with mental illness"](#) American Mental Health Counselors Association. Miller, J. February 2014 ([Washington Post, 2/27b](#)).
- **Peer support services not associated with statistically significant increases in Medicaid costs.** ["The impact of Medicaid peer support utilization on cost"](#) *Medicare & Medicaid Research Review* (4)1. Landers, G. & Zhou, M. February 2014.
- **"Permanent supportive housing: Assessing the evidence"** *Psychiatric Services* 35(3): Assessing the Evidence Base Series. Rog, D. et al. March 1, 2014

- ["Premium cost changes attributable to the Affordable Care Act"](#) Center for Healthcare Research & Transformation. February 21, 2014.
- ["Residential treatment for individuals with substance use disorders: Assessing the evidence"](#) *Psychiatric Services* 35(3): Assessing the Evidence Base Series. Reif, S. et al. March 1, 2014.
- ["Recovery housing: Assessing the evidence"](#) *Psychiatric Services* 35(3): Assessing the Evidence Base Series. Reif, S. et al. March 1, 2014.
- **States increasingly using Medicaid Section 1115 waivers to provide ACA coverage alternatives.** ["The ACA and recent Section 1115 Medicaid Demonstration waivers"](#) KFF. Rudowitz, R. et al. February 5, 2014.
- ["Tax preparers could help most uninsured get covered"](#) RWJF. Dorn, S. et al. February 2014.
- **Virginia's shortage of psychiatric beds partially stems from insufficient community-based services, state finds.** ["Virginia Department of Behavioral Health and Developmental Services Discharge Assistance Program performance review"](#) Virginia Office of the State Inspector General. February 2014 ([Washington Post, 2/18](#)).
- **Wisconsin's partial Medicaid expansion not eligible for enhanced federal funding.** ["Wisconsin's BadgerCare program and the ACA"](#) KFF. Gates, A. & Rudowitz, R. February 25, 2014.